



Of Interest *In Kentucky*

Newsletter of the Department of Financial Institutions

Issue No. 14, Winter 2012

"DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities."

DFI Celebrates 100 Years

The Kentucky Department of Financial Institutions (DFI) held a celebration on July 11 in honor of its 100-year anniversary as a state agency. During the centennial event, DFI Commissioner Charles A. Vice, joined by six former state commissioners, discussed the evolution of the DFI, its accomplishments over the years, and

the vital role the Department has played in supervising Kentucky's financial services industry.

"DFI has played a significant role in protecting the financial interests of the citizens of the Commonwealth for the past 100 years by overseeing state-chartered banks, credit unions, lenders, and investment professionals," said

Vice. "We plan to continue regulating with a goal of safety and soundness for many years to come."

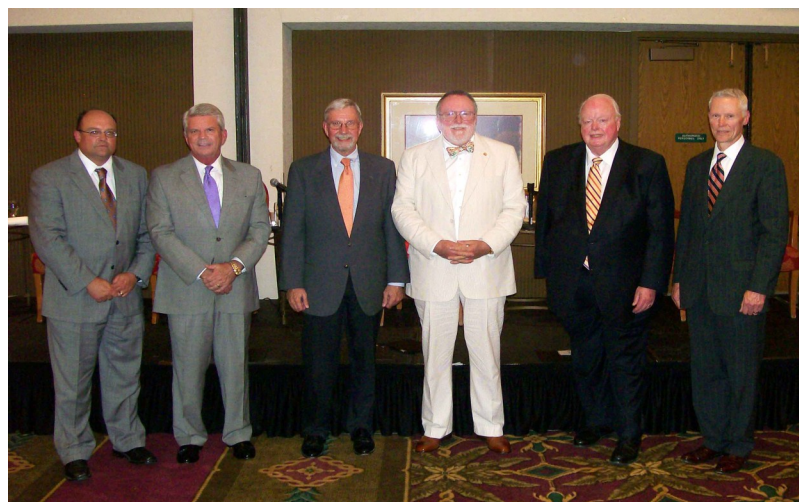
Former DFI Commissioner Randall Attkisson, who served as commissioner from 1980-82, said banks and other financial industries in Kentucky benefited from the solid regulation of the

Continued on Page 2 ...

In Brief ...

The Bowling Green
Field office will be relocating in January 2013. The new address will be:

*2530 Scottsville Rd.,
Bowling Green, KY
42104*



From left to right: Current DFI Commissioner, Charles Vice, with former commissioners Ballard Cassady, Randall Attkisson, Rick Jones, Tracy Farmer, and Cordell Lawrence at the Centennial Celebration in Frankfort.



West Liberty March 5, 2012
Photo: Courier Journal

DFI Assists Restoring Banks After Storm

On March 2, a Friday afternoon, a deadly EF-3 tornado ravaged West Liberty, Ky., destroying several homes and businesses in its path, including three state-chartered bank branches.

"It basically destroyed the entire town," said Charles Vice, commissioner of the Kentucky Department of Financial Institutions (DFI). "Assessments indicate only about 10 to 15 percent of the buildings are salvageable. And I think that estimate is high."

Despite the destruction, all three

banks were able to assist their customers with deposits and withdrawals as quickly as Monday, March 5, with the help of DFI, the Kentucky Bankers Association, the Federal Reserve and surrounding area banks.

Commercial Bank's sole location in downtown West Liberty was destroyed. The top floor, stairwell and drive through were blown away, in addition to other damage throughout the building. Yet

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Meet the staff



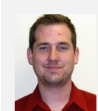
Tara Bopp
Financial Inst. Examiner I
May 16, 2012

John Campbell
Financial Inst. Examiner I
Feb. 1, 2012



Tyler Colvin
Financial Inst. Examiner I
May 16, 2012

Leslee Cope
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Jennifer Farley Doom
Public Information Officer
July 16, 2012



Andrew Dorton
Staff Assistant
April 16, 2012

Hailey Ford
Financial Inst. Examiner I
Feb. 16, 2012



Benjamin Grawe
Financial Inst. Examiner I
Nov. 16, 2012

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David Harden
Financial Inst. Examiner I
Sept. 16, 2012

Jonathan Bright
Financial Inst. Examiner II
July. 1, 2011



*Happy
New Year!*



*From the
staff at
DFI*

DFI Celebrates 100 Years

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DFI and the relatively stable local economy.

DFI traces its origin to the Banking Act of 1912, which established the agency initially as the Department of Banking. The department was charged with enforcing laws relating to banks, trust companies, savings banks and combined bank and trust companies doing business under Kentucky law. The first commissioner, Thomas J. Smith, was appointed on July 1, 1912.

As the years passed, other types of financial institutions also came under the agency's supervision, including savings and loan associations, state-chartered credit unions, securities, consumer and industrial loan companies, sellers of money orders, mortgage loan companies and brokers, and check-cashing companies. As the agency's scope changed and grew, its organizational structure and name changed as well. It was renamed the Department of Financial Institutions in 1984.

Today, the DFI is responsible

for examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.

"This is an inspiring milestone for the Department, all DFI staff, and the Commonwealth of Kentucky," said CSBS President and CEO John W. Ryan, who attended festivities marking the centennial. "Commissioner Vice is the latest in a long-line of noteworthy regulators who have presided over the Kentucky Department of Financial Institutions. He and his skilled team are tremendous stewards of the Kentucky regulatory legacy."

For more information on the DFI visit <http://kfi.ky.gov>.

DFI exceeded its goal by raising \$10,850 for the Kentucky Employees Charitable Campaign (KECC). Individual donations contributed a great deal towards this total, as well as several small office fundraisers. To learn more about KECC or to make a donation to help fellow Kentuckians visit www.kecc.org.



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DFI Assist Restoring Banks After Storm

Commercial Bank had a temporary facility open Monday at the Morehead State University Technology Center and library building. Later they added a second location in a mobile facility.

Bank of the Mountains is also headquartered in West Liberty, and a branch office was completely destroyed. Other branches remained open as usual. The Citizens Bank, headquartered in Morehead, Ky., operated a branch in West Liberty that also was destroyed. They quickly established a temporary branch in the IGA in Index.

"When I learned the magnitude of damage the banks had experienced, I contacted the St. Louis Federal Reserve and had them send out a message through their Emergency Contact System to let other banks in all of Kentucky know that West Liberty had been hit hard and needed help," Vice said. "Within two hours of the message going out I received calls from 30 banks in the area asking how they could help."

DFI coordinated with several banks in the region to help the damaged banks get back to serving the community. "We had about three banks lined up with \$2 million in cash reserves ready to go in the event of high withdrawals. And

several others were on stand-by to deliver equipment. The overwhelming support was amazing," Vice said.

The Federal Deposit Insurance Corporation (FDIC) and the Kentucky Bankers Association (KBA) also played a significant role in helping banks quickly reopen for business. The FDIC amended the branch application process to allow banks to set up temporary locations after the storm and the KBA made a commitment to purchase \$250,000 in certificates of deposit in each bank to provide additional liquidity.

"Getting the banks opened quickly gave a lot of comfort to the surrounding community and provided some stability to an area that was completely unstable," Vice said.

As the town of West Liberty continues to recover, the local banks will help them along the way. Each bank has committed to rebuilding in the community and to working with local residents as they recover from financial hardships due to the storm.

The FDIC has announced a series of steps intended to provide regulatory relief to financial institutions and facilitate recovery in areas of Kentucky affected by severe storms. The Financial Institution Letter is available at <http://www.fdic.gov/news/news/financial/2012/fil12012.html>.

Update...

Dodd-Frank Wall Street Reform and Consumer Protection Act H.R. 4173 is currently being implemented by several federal agencies. Regulations regarding investment advisers, derivatives, have been promulgated, and there are several important pieces concerning mortgages, CFPB authority over non-depository persons, and the financial market that have still yet to be finalized.



Jeff Roberts
Financial Inst. Examination
Branch Mgr.
Oct. 16, 2011

Kevin Maguire
Certified Financial Institutions
Examiner
Dec. 1, 2011



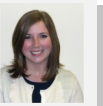
Meet the staff



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Amy Hines

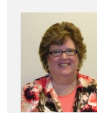
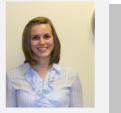
Financial Inst. Examiner I
Nov. 1, 2012



Derek Laster
Financial Inst. Examiner I
April 1, 2012



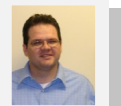
Jena McCarty
Financial Inst. Examiner I
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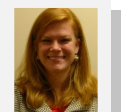
Charles Riggs
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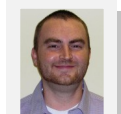
Katy Ross
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Jennifer Taylor Drennan
Financial Inst. Examiner II
July 16, 2011



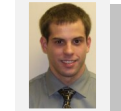
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A Year In Review

DFI Events in 2012

2012 was a busy year for DFI. In addition to the Centennial Celebration and providing assistance to storm victims, there were many other accomplishments. Below are some of the highlights:

A Day with the Commissioner

Banking leaders from across the state joined DFI Commissioner Charles Vice for an event on April 16, 2012, in Louisville titled, "A Day with the Commissioner." The event focused on a discussion of current issues critical to Kentucky bankers and was co-sponsored by the Federal Reserve Banks of St. Louis and Cleveland.

Real Estate Appraisal Training

During October and November DFI partnered with the Kentucky Real Estate Appraisal Board and the Federal Reserve Bank of St. Louis to offer three training classes. The events were held in Louisville, Lexington and Bowling Green with nearly 300 in attendance. This is the first training of this type to be offered in the U.S.

Morgan Keegan Settlement

DFI along with state regulators from Alabama, Mississippi, South Carolina and Tennessee entered into consent orders with the Morgan Keegan Company regarding proprietary bond funds. As a result, KY investors received approximately \$11 million in restitution in 2012.

NASCUS and CSBS Accreditation

During 2012 DFI was recredited by both the National Association of State Credit Union Supervisors and the Conference of State Banking Supervisors. This indicates the effectiveness and efficiency of DFI's operations.

Investment Advisor Switch

During 2012 DFI assumed the supervisory responsibility for all investment advisors with \$25 to \$100 million assets under management.

Senior Scam Jams

Events were held in Somerset, Frankfort and Owensboro to encourage senior citizens to make wise financial decisions and avoid fraud. KY AARP, the BBB, the Attorney General's Office, the US Postal Inspection Service and the Department of Insurance partnered with DFI to present to over 300 citizens.

Online Licensing for Money Transmitters

In August DFI began accepting applications and renewals from money transmitters online through the NMLS system.

Through this system, a company can apply for, amend and renew its license conveniently and safely online. This is especially convenient for money transmitters operating in multiple states, since they can renew all licenses at one time online. Also, associated fees can be paid online instead of by check.



Andrew Dorton and Brian "Hollywood" Dickert tend to the grill during the Employee Picnic celebrating DFI's Centennial at Silver Lake Park in July.

HAPPY NEW YEAR